

## Message Text

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ACTION EUR-12

INFO OCT-01 ARA-06 NEA-10 ISO-00 IO-10 SSO-00 NSCE-00

USIE-00 INRE-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

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SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01 PRS-01 /116 W

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O P 252355Z JUL 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 9575

INFO AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRASILIA PRIORITY

USMISSION OECD PARIS PRIORITY

AMEMBASSY JIDDA PRIORITY

C O N F I D E N T I A L CARACAS 7654

E.O. 11652: GDS

TAGS: ENRG OVIP GW

SUBJECT: WISCHNEWSKI VISIT ON ENERGY DIALOGUE

REF BONN 11652

1. SUMMARY: DURING VISIT TO CARACAS JUL 20-24, FRG  
MINISTER OF STATE WISCHNEWSKI MET WITH PRESIDENT PEREZ,  
MINISTER OF STATE FOR INTERNATIONAL ECONOMIC AFFAIRS  
PEREZ GUERRERO, MINISTER OF MINES HERNANDEZ, AND OTHER  
OFFICIALS CONCERNED WITH FOREIGN ECONOMIC POLICY. ECONOMIC  
COUNSELOR INFORMED BY COUNTERPART AT GERMAN EMBASSY THAT  
VISIT CLOSELY PARALLELED THAT OF UNDERSECRETARY ROBINSON  
WITH RESPECT TO PRODUCER/CONSUMER DIALOGUE. GOV OFFICIALS  
CONFIRMED VIRTUALLY ALL IMPORTANT POINTS COVERED BY  
ROBINSON AND MADE CONTINUAL REFERENCE TO HIS VISIT. END  
SUMMARY.

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2. HIGHLIGHT OF WISCHNEWSKI VISIT WAS CALL ON PRESIDENT

PEREZ, WHO EXPRESSED HIS SATISFACTION AT PROSPECT FOR RESUMPTION OF THE PRODUCER/CONSUMER DIALOGUE. WHEN WISCHNEWSKI INFORMED PEREZ OF FRG'S SERIOUS RESERVATIONS CONCERNING INDEXATION OF COMMODITY PRICES TO PRICES OF INDUSTRIAL PRODUCTS, THE GERMANS WERE GREATLY SURPRISED TO HEAR PRESIDENT PEREZ AGREE AND EXPRESS VIEW THAT INDEXATION MIGHT CAUSE HIGHLY UNDERSIRABLE INFLATIONARY SPIRAL. PEREZ' VIEWS CONTRASTED WITH THOSE EXPRESSED PREVIOUSLY BY PEREZ GUERRERO, WHO APPEARED TO HAVE RATHER DOCTRINNAIRE OPINIONS ON THE SUBJECT. IN SUBSEQUENT MEETING THE VISITORS RECEIVED THE IMPRESSION THAT PEREZ GUERRERO HAD MODIFIED HIS POSITION SOMEWHAT BY INDICATING THAT THE IMPORTANT QUESTION WAS MAINTENANCE OF VALUE OF ASSETS, AND THAT THIS MIGHT BE ACCOMPLISHED IN WAYS OTHER THAN INDEXATION. IN DISCUSSING MIDDLE EAST SITUATION, PRESIDENT PEREZ EMPHASIZED THAT VENEZUELA MAKES A SHARP DISTINCTION BETWEEN POLITICAL PROBLEMS AND ECONOMIC MATTERS, INCLUDING OIL. PEREZ SAID THAT VENEZUELA WOULD STRONGLY OPPOSE ANY ATTEMPTS TO EXPEL ISRAEL FROM THE U.N. ON THE OTHER HAND, HE SAID VENEZUELA WOULD MAINTAIN A SOLID FRONT WITH OPEC COUNTRIES AND OTHER LDCS ON ECONOMIC QUESTIONS.

3. IN DISCUSSING RESUMPTION OF THE PRODUCER/CONSUMER DIALOGUE, PEREZ GUERRERO RATIFIED VIRTUALLY ALL OF THE IMPORTANT POINTS DECIDED DURING THE ROBINSON VISIT. LATE SEPTEMBER OR EARLY OCTOBER WAS DISCUSSED AS AN APPROPRIATE TIME FOR A RESUMPTION OF THE PREPCON AND LATE NOVEMBER OR EARLY DECEMBER FOR A MEETING OF THE GROUP OF 27. PEREZ GUERRERO STRESSED THAT THE COMMISSIONS ESTABLISHED SHOULD NOT BE PERMANENT. HE AGREED THAT NO PRECISE TIME LIMIT SHOULD BE SET FOR COMPLETION OF THEIR WORK, BUT HE TALKED OF RESULTS IN ONLY 2 OR 3 MONTHS- A PERIOD CONSIDERED COMPLETELY UNREALISTIC BY THE GERMANS. PEREZ GUERRERO SUGGESTED THAT THE GROUP OF 27 SHOULD ESTABLISH A SMALL SECRETARIAT TO COORDINATE THE WORK OF THE COMMISSIONS.

4. IN DISCUSSING THE POSSIBILITY OF AN INCREASE IN OIL PRICES RESULTING FROM THE SEPTEMBER OPEC MEETING, THE  
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GERMANS WERE SURPRISED TO HEAR PEREZ GUERRERO ACKNOWLEDGE THAT AN INCREASE IN OIL PRICES WOULD HAVE AN UNDERSIRABLE EFFECT ON THE WORLD ECONOMY, INCLUDING ESPECIALLY THE MOST SERIOUSLY AFFECTED LDCS. IN FACT, THE GERMANS RECEIVED THE IMPRESSION THAT PEREZ GUERRERO WAS GREATLY CONCERNED ABOUT THE PLIGHT OF THE LATTER COUNTRIES THROUGHOUT THE TALKS. A SUGGESTION BY WISCHNEWSKI FOR MUTUAL CONSULTATIONS PRIOR TO AN OPEC PRICE INCREASE WAS RECEIVED

ENTHUSIASTICALLY BY HERNANDEZ, BUT THE GERMAN VISITORS  
HAD THE IMPRESSION THAT THERE WAS LESS ENTHUSIASM ON  
THE PART OF PEREZ GUERRERO AND OTHER GOV OFFICIALS.  
OVERALL, THE VISITORS GAINED THE IMPRESSIONS THAT  
VENEZUELA WOULD SUPPORT AN OIL PRICE INCREASE, BUT AT  
A LEVEL (PERHAPS 10 PERCENT TO 20 PERCENT) WHICH WOULD PURPORTEDLY  
NOT RISK A SEVERE IMPACT ON THE WORLD ECONOMY.  
SHLAUDEMAM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN RELATIONS, DIPLOMATIC DISCUSSIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975CARACA07654  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750258-0052  
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**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 BONN 11652  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 MAY 2003 by ShawDG>; APPROVED <22 MAY 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** WISCHNEWSKI VISIT ON ENERGY DIALOGUE  
**TAGS:** ENRG, OVIP, PFOR, GE, VE, (WISCHNEWSKI, HANS-JUERGEN)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006